(b) and (c) The signing of MOU between IU Net Inc. USA and Secretary, Department of Telecom, on October 16, 1998 was reported to the full Telecom Commission in its meeting held on November, 11, 1998.

In another meeting of the Full Telecom Commission (14-7-1999), which reviewed the progress of implementation of New Services, it was observed by the Commission that implementation of Sankhya Vahini Project should be expedited.

(d) to (f) The project does not envisage any leasing or handing over of fibres. Rather it envisages developing a high speed data network in which contribution from Department of Telecom Services (DTS) to its share of equity of the Joint Venture will be partly by way of transfer of dark fibres to the proposed Joint Venture. In the instant case, the Task Force has identified the possible partner in developing the high speed data network after broad based discussions and consultations.

Freezing of MTNL Accounts

45S8. SHRI V.P. DURAISAMY:
SHRI C.P. THIRUNAVUKKARASU:

Will the Minister of COMMUNICATIONS be pleased to state:

(a) how were the recent freezing and defreezing of MTNL accounts necessitated;

(b) what is the present position in this regard; and

(c) whether the episode does not betray lack of coordination between two important Ministries of the Central Government?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS (SHRI TAPAN SIKDAR): (a) and (b) The freezing of MTNL accounts by IT authorities on 24.3.2000 was not necessary as MTNL has been a regular tax payer, has paid tax of Rs. 4841 crores during its existence until 31st March, 2000, and has never defaulted. In the case of Licence Fee paid to the DOT by MTNL, however, Income Tax Authorities have earlier allowed it as a tax deductible business expense but subsequently reversed their stand. They disallowed Licence Fees as a business expense for the

Financial Year 1996-97 and raised a demand of additional tax of Rs. 209.00 crores. The MTNL contested the demand and filed and appeal before CIT (Appeals) which still pending. Since the case was pending before CIT (Appeals), MTNL did not pay the additional tax as demanded following a decision taken by the MTNL Board. Upon receiving the notice of IT Department for freezing the accounts, MTNL filed a writ petition in Hon'ble High Court of Delhi who on 29.3.2000 directed IT Department to lift the freeze immediately and MTNL to deposit an amount of Rs. 200 crores pending decision on the basic issue. The case of freezing of MTNL accounts came up for hearing in Hon'ble Delhi High Court on 6th of April but has been adjourned to 7th of July, 2000.

(c) No, Sir. The dispute exists between the Income Tax Department and MTNL a Public Sector Undertaking and the Ministries are not directly involved. However, Committee on Disputes under the Cabinet Secretariat is seized of the problem and its directions will be complied with.

Implications of Sankhya Vahini

4589. SHRI NILOTPAL BASU: Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether Government are aware of news-items "Giga-Deal in trouble" which was published in India Today of March 27, 2000;

(b) if so, whether security implications of the Sankhya Vahini projects has been properly studied and vetted by the DOT and other appropriate security agencies before the Cabinet approval;

(c) if so, the details thereof; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS (SHRI TAPAN SIKDAR): (a) Yes, Sir. The news item appeared in India Today of March 27, 2000.

(b) to (d) The Sankhya Vahini Project aims at setting up a high speed data backbone network in India. On security/monitoring related issues the Company will follow the prevailing regulations and terms & conditions as laid down in the Internet Service Provider (ISP) Licensing Agreement between the Licensing authority (for